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SENATE

REPORT
101-506

PROVIDING FOR A VISITOR CENTER AT SALEM MARITIME NATIONAL HISTORIC SITE IN THE COMMONWEALTH OF MASSACHUSETTS

OCTOBER 5 (legislative day, OCTOBER 2), 1990.—Ordered to be printed

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Mr. JOHNSTON, from the Committee on Energy and Natural Resources, submitted the following

REPORT

[To accompany H.R. 4834]

The Committee on Energy and Natural Resources, to which was referred the act (H.R. 4834) to provide for a visitor center at Salem Maritime National Historic Site in the Commonwealth of Massachusetts, having considered the same, reports favorably thereon without amendment and recommends that the act do pass.

PURPOSE OF THE MEASURE

The purpose of H.R. 4834, as ordered reported, is to provide for a visitor center at the Salem Maritime National Historic Site in Massachuestts.

BACKGROUND AND NEED

Salem National Historic Site, the first designated National Historic Site, was established in 1938 to preserve and interpret the history of maritime shipping and commerce. During the period from the American Revolution until the War of 1812, Salem was a major American port, ranking in shipping volume and importance only behind Boston.

Today the Salem Maritime National Historic Site includes the historic Customs House, the Derby Wharf and its lighthouse, several warehouses, the Scale House and the West India Goods House and other historical structures. In 1988, the boundaries of the park were enlarged to include the St. Joseph's Polish Club.

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In 1988, the Salem Partnership was established to promote the area. The Partnership has worked with other local entities and the National Park Service to select an appropriate site for a visitor center in Salem. Based in part on a visitor survey conducted by Salem State College, the Partnership has recommended a centralized joint visitor center to incorporate other visitor activities in Salem. Based on its studies, the Partnership has recommended that the visitor center be located at the Salem Armory, which is located in downtown Salem. Although H.R. 4834 does not mandate where the center is to be located, the bill does provide the Secretary of the Interior with the authority to establish a center outside of the park boundaries, either purchasing or leasing a site.

Legislative History

H.R. 4834, introduced by Congressman Mavroules, passed the House of Representatives by a vote of 393 to 8 on July 10, 1990. Similar legislation, S. 2818, was introduced in the Senate on June 28, 1990 by Senators Kerry and Kennedy. The subcommittee held a hearing on both measures on September 20, 1990.

At the business meeting on September 26, 1990, the Senate Committee on Energy and Natural Resources ordered H.R. 4834 favorably reported.

Committee Recommendations and Tabulation of Votes

The Senate Committee on Energy and Natural Resources, in open business session on September 26, 1990, by a unanimous vote of a quorum present, recommends that the Senate pass H.R. 4834, as described herein.

The rollcall vote on reporting the measure was 19 yeas, 0 nays, as follows:

YEAS	NAYS
Mr. Johnston	
Mr. Bumpers	
Mr. Ford	
Mr. Bradley	
Mr. Bingaman [1]	
Mr. Wirth [1]	
Mr. Conrad	
Mr. Heflin [1]	
Mr. Rockefeller	
Mr. Akaka [1]	
Mr. McClure	
Mr. Hatfield [1]	
Mr. Domenici	
Mr. Wallop	
Mr. Murkowski	
Mr. Nickles [1]	
Mr. Burns	
Mr. Garn [1]	
Mr. McConnell [1]	

[1] Indicates voted by proxy.

SECTION-BY-SECTION ANALYSIS

Section 1 of H.R. 4834 amends section 1(b) of the 1988 Act (which revised the park boundary) to add a new paragraph (2). Paragraph (2)(A) allows the Secretary of the Interior to acquire property or an interest in property in the city of Salem for use as a visitor center for the Salem Maritime National Historic Site. The Secretary is required to conduct an economic analysis of the costs and benefits of acquiring the property or interest therein. The paragraph also provides that funds appropriated for the development and operation of the visitor center may be expended on property in which the Secretary has acquired less than a fee simple interest, allowing the Secretary to either partially own or lease the site.

Paragraph (2)(B) sets forth several requirements for any lease entered into by the Secretary for the visitor center. Any such lease is to be for a period of not less than 25 years and shall contain an option to renew for an additional 25 years. Rental amounts paid by the Secretary may not exceed the fair market value of the leased premises. The paragraph also provides that lease payments are to be reduced by the fair market value of improvements made to the leased premises at the expense of the Secretary. Finally, the paragraph states that the Secretary may not acquire more than 12,000 square feet under this paragraph.

COST AND BUDGETARY CONSIDERATIONS

The following estimate of the cost of this measure has been provided by the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, September 28, 1990.

Hon. J. BENNETT JOHNSTON, Jr.,
Chairman, Committee on Energy and Natural Resources,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed H.R. 4834, an act to provide for a visitor center at Salem Maritime National Historic Site in the Commonwealth of Massachusetts, as ordered reported by the Senate Committee on Energy and Natural Resources on September 26, 1990. The budget impact of H.R. 4834 is very uncertain at this time. It is possible that a visitor center could be leased for $100,000 to $250,000 a year, plus a cost for improvements of $1.2 million. Alternatively, a facility could be constructed for $1.5 million to $3 million. In addition, development of an interpretive program would cost about $1 million in either case.

H.R. 4834 would authorize the National Park Service (NPS) to acquire or lease a visitor center in the city of Salem, Massachusetts for the Salem National Maritime Historic Site. The act would provide new authority necessary to locate the center outside of the park's boundaries and to spend development and operating funds on leased space. Other provisions would limit the center's size to 12,000 square feet and require that any proposals submitted for the project be accompanied by an economic analysis. Additional restrictions would be placed on proposed lease arrangements, requiring a

25-year minimum lease period and renewal option. Also, annual lease payments cannot exceed fair market value, as determined by an independent party acceptable to both parties and as reduced by the fair market value of NPS-financed improvements. Finally, the property owner would be responsible for maintaining the building to the agency's satisfaction.

Both up-front costs and annual expenses for the visitor center could vary widely, depending on the project chosen, the NPS's negotiating efforts, and the performance of the Salem real estate market over the next few years. The alternative favored locally is a recent NPS proposal to lease 10,000–12,000 square feet in the Salem Armory, a 30,000-square-foot building being developed by two local museums.

In its preliminary estimates, the agency assumed annual rental rates of $15–$20 per square foot. While these rate levels are consistent with the property owners' expected asking price of $17, they are significantly above current market rates. Because of the depressed local economy and a glut in office and retail space, the Salem real estate market has experienced significant decreases in purchase and lease prices over the last few years. At present, rental rates have fallen as low as $8–$10 per square foot. Depending on where in the range of estimates the rental rates fall, annual lease payments could be from $100,000 to $250,000 a year.

Strict adoption of accurate fair market rates could eliminate the Armory as a viable site for the visitor center. Because the Armory was largely destroyed by fire several years ago, reconstruction and development costs have been estimated at nearly $300 per square foot, or about double current-market construction costs. The combination of a depressed real estate market, higher-than-average construction costs and mandatory rental offsets to recover about $1.2 million for NPS improvement costs may make it difficult for the Armory's owners to accept any lease rate set in compliance with the act's specifications. Similarly, recent proposals to buy space in that building would be difficult to justify on a cost basis because of the extraordinary construction costs that would have to be reflected in the selling price.

If the Armory alternative is eliminated and no other suitable lease space can be found, other possible options would include the purchase of an existing building or (assuming that a large enough site could be found) the construction of a new center. Depending on the site chosen and the facilities to be included, the construction of a facility would cost between $2 million and $3 million, including interior improvements. Alternatively, the agency may be able to purchase and adapt an existing structure. Including interior improvements, costs of acquiring a center in this manner would range between $1.5 million and $2.5 million.

Regardless of the alternative chosen, the NPS would spend about $1 million to develop an interpretive program for the center. Also, the agency would incur additional personnel costs of about $150,000 a year once the visitor center becomes operational. Additional costs would be incurred annually for supplies, utilities, and other ongoing operating and maintenance expenses. These costs could vary widely, however, depending on whether the center is acquired or leased, and they cannot be estimated until that decision is made.

Enactment of H.R. 4834 would have no impact on the budgets of state or local governments.

On July 10, 1990, CBO prepared a cost estimate for H.R. 4834, as ordered reported by the House Committee on Interior and Insular Affairs on June 27, 1990. The two versions of the bill and their estimated costs are identical.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Deborah Reis, who can be reached at 226-2860.

Sincerely,

ROBERT D. REISCHAUER,
Director.

REGULATORY IMPACT EVALUATION

In compliance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee makes the following evaluation of the regulatory impact which would be incurred in carrying out H.R. 4834. The act is not a regulatory measure in the sense of imposing Government-established standards or significant economic responsibilities on private individuals and businesses.

No personal information would be collected in administering the program. Therefore, there would be no impact on personal privacy.

Little, if any, additional paperwork would result from the enactment of H.R. 4834, as ordered reported.

EXECUTIVE COMMUNICATIONS

On September 12, 1990, the Committee on Energy and Natural Resources requested legislative reports from the Department of the Interior and the Office of Management and Budget setting forth executive views on H.R. 4834. These reports had not been received at the time the report on H.R. 4834 was filed. When the reports become available, the Chairman will request that they be printed in the Congressional Record for the advice of the Senate. The testimony provided by the National Park Service at the Subcommittee hearing follows:

STATEMENT OF DENIS GALVIN, ASSOCIATE DIRECTOR FOR PLANNING AND DEVELOPMENT, NATIONAL PARK SERVICE, DEPARTMENT OF THE INTERIOR

Mr. Chairman, I appreciate this opportunity to provide your Subcommittee with testimony on S. 2818, a bill to provide for a visitor center at Salem Maritime National Historic Site. H.R. 4834 is an identical bill that passed the House of Representatives on July 10, 1990.

Mr. Chairman, we oppose either bill. The National Park Service has not completed its review of the planning necessary to support the development of a Visitor Center outside the boundaries of the Salem Maritime National Historic Site. If, however, legislation is enacted to authorize a Visitor Center, the Administration supports the protective provisions of both bills, including prohibiting the Service from exceeding market rates for space, completion of a fi-

nancial analysis, and other cost benefit analysis requirements as outlined in the bill, before any agreements are concluded.

H.R. 4834 would authorize acquisition of property or an interest therein within the city of Salem, subject to a cost benefit economic analysis having been completed, and it would authorize expenditure of funds on such property for a Visitor Center.

The National Park Service is now in process of reviewing plans for Salem Maritime National Historic Site that would consider the issues related to a Visitor Center. These issues to be considered include the appropriate location for the Visitor Center, the scope of the themes for the interpretive exhibits in the proposed Visitor Center, the scope and scale of the Visitor Center itself, and how the Park Service interpretive program would cooperate with partners who might share a new and expanded Visitor Center.

This review should be completed prior to a final decision on the establishment of a visitor center. The Park Service expects to complete its review this calendar year. Action on this legislation would be premature before this review is final.

This concludes my prepared remarks. I will be pleased to respond to any questions you may have.

Changes in Existing Law

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the act H.R. 4834, as ordered reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

(102 Stat. 659)

SECTION 1. BOUNDARY REVISION OF SALEM MARITIME NATIONAL HISTORIC SITE.

(a) Boundary Revision.—The Salem Maritime National Historic Site (hereafter in this Act referred to as the "national historic site"), designated on March 17, 1938, under section 2 of the Act of August 21, 1935 (49 Stat. 666), and located in Salem, Massachusetts, shall consist of lands and interests in lands as generally depicted on the map entitled "Boundary Map, Salem Maritime National Historic Site, Salem, Massachusetts", numbered 373-80,011, and dated April 1987. The map shall be on file and available for public inspection in the offices of the National Park Service, Department of the Interior.

(b) Acquisition of Lands.—*(1)* The Secretary of the Interior may acquire lands or interests therein within the boundary of the national historic site by donation, purchase with donated or appropriated funds, or exchange. Any lands or interests in lands owned by the Commonwealth of Massachusetts or any political subdivision thereof may be acquired only by donation. Lands and interests

therein acquired pursuant to this Act shall become part of the national historic site and shall be subject to all the laws and regulations applicable to the national historic site.

(2)(A) Subject to subparagraph (B), the Secretary may acquire under this subsection property or an interest therein in the city of Salem for use as a visitor center for the national historic site. The Secretary shall conduct an economic analysis of the costs and benefits of acquiring such property or interest therein. Funds appropriated for the development and operation of the visitor center may be expended on property in which the Secretary has acquired less than a fee simple interest.

(B)(i) Any acquisition under this paragraph shall provide that—

(I) under any lease, the leased period shall not be less than 25 years and shall contain an option to renew for an additional 25 years;

(II) the owner of the property shall maintain the property to a standard acceptable to the Secretary;

(III) under any lease, rental amounts paid by the Secretary may not exceed the fair market value of the leased premises, as determined by an independent party acceptable to both the lessor and the Secretary; and

(IV) under any lease, rental payments be reduced by the fair market value of improvements in the leased premises made by or at the expense of the Secretary.

(ii) The Secretary may not acquire an interest in more than 12,000 square feet under this paragraph.

(iii) The Secretary shall submit the economic analysis, together with any proposed acquisition, to the appropriate committees of Congress for their review at least 120 days before the effective date of such acquisition.

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